

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 /124 W

-----122275 260531Z /11

R 260502Z MAY 78

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 5627

INFO AMEMBASSY CANBERRA

AMEMBASSY TOKYO

USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 02782

USMTN

E.O. 11652: GDS

TAGS: ETRD, JA, NZ, AS

SUBJECT: SUZUKI-MULDOON BILATERAL CONSULTATIONS MAY 19

REF: (A) TOKYO 9359, (B) WELLINGTON 1756,

- (C) WELLINGTON 1205, (D) TOKYO 3621,

- (D) 77 WELLINGTON 4938, (F) 77 TOKYO 16855

1. SUMMARY: REF A HAS ACCURATELY REPORTED THE SUBSTANCE OF THE MULDOON-SUZUKI MEETING IN MELBOURNE, AND THE NOTE OF OPTIMISM ON NEW ZEALAND-JAPAN RELATIONS IT REFLECTS IN TOKYO IS MIRRORED HERE. WITH NATIONAL ELECTIONS SCHEDULED FOR NOVEMBER, THE EVOLUTION OF THE RELATIONSHIP OVER THE NEXT SIX MONTHS WILL BE HEAVILY INFLUENCED FROM THE NEW ZEALAND SIDE BY A DESIRE TO STRIKE A BARGAIN WHICH CAN BE PORTRAYED AS A VICTORY OVER THE INSCRUTABLE GOLIATH BY A SMALL BUT VIRTUOUS DAVID NAMED MULDOON. END SUMMARY.

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2. THE SUBSTANCE OF THE MULDOON-SUZUKI DISCUSSIONS IN MELBOURNE IS PORTRAYED HERE AS HAVING BEEN EXACTLY AS REPORTED IN TOKYO'S 9359. AS IN TOKYO, THERE IS IN WELLINGTON CONSIDERABLY MORE OPTIMISM ABOUT NEW ZEALAND-JAPAN RELATIONS THAN WAS THE CASE PRIOR TO THE MELBOURNE MEETING. PRIME MINISTER MULDOON HAS

DESCRIBED THE TALKS AS A "MAJOR BREAKTHROUGH," AND WAS EVEN QUOTED AS HAVING USED THE PHRASE "ADEQUATE IN TERMS OF WHAT WE HAVE ASKED FOR" AT ONE POINT. HE HAS ADDED TO ALL HIS PRONOUNCEMENTS, HOWEVER, THAT THE SIGNIFICANCE OF THE SUZUKI OFFERS IS THAT OFFERS WERE MADE AT ALL, NOTING THAT THEIR SUBSTANCE WAS MODEST AND THAT THEY ARE STILL BEING CAREFULLY EVALUATED WITHIN THE GNZ.

3. BRIAN TALBOYS, DEPUTY PRIME MINISTER AND MINISTER FOR FOREIGN AFFAIRS AND FOREIGN TRADE, SPOKE MORE GUARDEDLY OF THE MELBOURNE MEETING IN AN ADDRESS DELIVERED MAY 24. TALBOYS SAW "SIGNS OF LIMITED PROGRESS" EMERGING FROM THE TALKS. HAVING HIMSELF NEGOTIATED WITH SUZUKI ON THE SAME ISSUES IN TOKYO LAST OCTOBER AND IN WELLINGTON IN FEBRUARY, TALBOYS KNOWS WELL THAT NEW ZEALAND'S REQUESTS (SEE REFS C AND D) FAR EXCEED THE SUZUKI OFFERS.

4. ONE ITEM OF INFORMATION WHICH HAS EMERGED HERE IS THE VALUE OF JAPAN'S PROPOSED PURCHASES OF BUTTER OIL AND SKIM MILK POWDER FOR USE IN ITS FOOD AID PROGRAM. DOLS 6 MILLION (ROUGHLY TEN PERCENT OF JAPAN'S PRESENT DAIRY IMPORTS FROM NEW ZEALAND AND ONE PERCENT OF N.Z.'S ANNUAL REVENUES FROM DAIRY EXPORTS TO ALL COUNTRIES) HAS BEEN CITED AS THE AMOUNT DISCUSSED. CONFIDENTIAL

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5. EMBASSY COMMENT: ELECTIONS ARE SCHEDULED FOR NOVEMBER HERE, AND THE OPPOSITION LABOUR PARTY IS GEARING UP TO MAKE THE BEST FIGHT IT CAN. WHETHER IT CAN RETURN TO POWER IS DOUBTFUL, BUT MULDOON IS OBVIOUSLY ANXIOUS TO MAKE AS MANY POSITIVE AND OPTIMISTIC PUBLIC STATEMENTS AS POSSIBLE. WITH UNEMPLOYMENT RISING, FARMERS IRATE, UNIONS RESTLESS, INFLATION HIGH, AND DEFICITS APLENTY, MULDOON NEEDS ALL THE VICTORIES HE CAN GET OVER THE NEXT SIX MONTHS. THERE WILL BE A STRONG TEMPTATION TO COME TO TERMS WITH JAPAN BEFORE ELECTION DAY, AND TO MAKE IT APPEAR THAT THE JAPANESE HAVE MADE MAJOR CONCESSIONS IN EXCHANGE FOR FISHING RIGHTS IN NEW ZEALAND'S EEZ. JAPAN MAY WELL CHOOSE TO TRADE ON MULDOON'S PREDICAMENT, AND MAKE SMALL OFFERS SOUND BIGGER THAN THEY REALLY ARE. THE TEMPTATION TO AGREE FOR THE SAKE OF AGREEING WILL BE GREAT.

6. FROM THE GNZ POINT OF VIEW, THE FACT THAT SUZUKI TOOK THE INITIATIVE TO COME BACK TO MULDOON WITH FURTHER, ALBEIT MINOR, TRADE CONCESSIONS, AND DID NOT

IN THE PROCESS RAISE THE SUBJECT OF FISHERIES ACCESS,
WAS AT LEAST AS IMPORTANT AS THE SUBSTANCE OF THE
JAPANESE OFFERS. IN SO DOING, THE POINTS THAT MULDOON
IS NOW ABLE TO MAKE ARE: (A) SUZUKI RECOGNIZES THE
MERITS OF THE NEW ZEALAND CASE, I.E., PROGRESS HAD TO
BE MADE ON SEVERAL LONGSTANDING TRADE ISSUES BEFORE
FISHERIES COULD BE DISCUSSED; (B) WITH GOJ AGRICULTURE
MINISTER NAKAGAWA APPARENTLY COMING TO N.Z. IN LATE
JUNE, FURTHER DETAILS OF THE JAPANESE OFFER CAN THEN
BE "TIDIED UP"; AND (C) IF IT ALL ADDS UP TO SOMETHING
SIGNIFICANT (AND IT WILL), THEN THE GNZ IS PREPARED TO
TALK FISH, AND THE CHILLY RELATIONS CAN BE THAWED.

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INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
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LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /124 W

-----122221 260532Z /11

R 260502Z MAY 78
FM AMEMBASSY WELLINGTON
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C O N F I D E N T I A L SECTION 02 OF 02 WELLINGTON 02782

THE JAPANESE HAVE NOTHING ON MULDOON IN THE WAY OF
"FACE SAVING." HEALY

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Message Attributes

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